

The Great Depression

U.S. History & Government



Classwork packet

Ms. Vanderpool

Name: _____

Per. _____

Causes of the Great Depression

Farmers in Trouble	Rising Debt	Tariff Wars	Unequal Distribution of Wealth
Stock Market Crash	Overproduction	Lack of Regulation of the Stock Market	Run on Banks

What Should Be Done About the Depression?

It is March, 1933 and you have just been inaugurated as President. Your main goal is to get the nation out of the worst depression in its history. Your secretary has given you the following proposals from advisers on how to combat the depression. Put a check next to the three proposals you would adopt.

- _____ 1. The government should plan our economy. With central planning by the government, the economy could grow without having periodic business depressions. Such public goals as economic equality should, if necessary, be forced on business leaders.
- _____ 2. The government should help business out in order to restore public confidence in the economy. We should tax the rich business leaders less and give subsidies (aid) to businesses. The businesses will use this help to expand production. Then they will hire more workers, and the economy will get moving again. There should be a minimum of welfare for the poor, as this drains off money from the businesses.
- _____ 3. The government should bring businesses together and set up a planning agency, run by the government, to help them get going again. Within the agency the businesses would set up their own guidelines and regulations. For example, they could charge higher prices and cooperate rather than compete. Of course the government would watch over the agency, but the business leaders would run the agency. They know how to get business going again.
- _____ 4. The government must balance the budget. Almost all business leaders believe that this is a healthy way to run both government and business. Thus their confidence will be restored in the economy, they will expand production and the economy will get moving again.
- _____ 5. The government must give much more welfare relief to the millions of people who are suffering from the Depression. It is the obligation of government to protect its poorer citizens from such suffering. The money to pay for the welfare should come from heavier taxes on rich people. If the poor have more money, they will buy more products and businesses will be able to expand. In this way the country will get out of the Depression.
- _____ 6. To get out of the Depression the government should engage in deficit spending – that is, it should spend much more money than it takes in through taxes. By pumping more money into the economy, the government would stimulate more spending by both consumers and businesses. This would get the economy moving again.
- _____ 7. The nation should adopt a “share the wealth” program. The government should confiscate (take away) all the wealth of people who have more than \$50,000 and share it with the poor who are suffering.
- _____ 8. The government should expand the military and start a huge arms buildup. This will create jobs for many millions of workers. People will feel they are contributing to the strength of the nation, and businesses and government will cooperate to get the country out of the Depression. People should be made to think of what is good for our nation, not just for themselves.
- _____ 9. The workers must take over all the industries in the country. The government, controlled by the common people, should abolish (do away with) private ownership of businesses and bring about real equality. As a result of this takeover, workers will no longer be exploited by the powerful business leaders but will be truly free. Only in this way can the country get out of the Depression and avoid future depressions.
- _____ 10. Private charities should help the poor survive. The government really has no legitimate role in aiding the poor. In fact, government welfare causes people to lose the incentive to work and thus destroys the moral fiber of the country.

On Ending the Depression

The presidential campaign of 1932 was a contest not only between two men, but also between two contrasting views of government. The country was in the throes of the Depression. President Herbert Hoover explained in a 1928 speech why a limited government role was best, while President Franklin Roosevelt argued in his inaugural address in 1933 that an expanded government role was necessary.

<p>- from Hoover's Madison Square Garden Address, 1928</p> <p>“During one hundred and fifty years we have built up a form of self-government and a social system which is peculiarly our own....It is founded upon a particular conception of self-government in which decentralized local responsibility is the very base....</p> <p>During the war we necessarily turned to the government to solve every difficult economic problem...However justified in time of war, if continued in peacetime it would destroy....our progress and freedom...the acceptance of these ideas would have meant the destruction of self-government through centralization of government. It would have meant the undermining of the individual initiative and enterprise through which our people have grown to unparalleled greatness. “</p>	<p>- from Franklin D. Roosevelt's Inaugural Address, 1933</p> <p>“Our greatest primary task is to put people to work. This is no unsolvable problem if we face it wisely and courageously. It can be accomplished in part by direct recruiting by the Government itself, treating the task as we would treat the emergency of a war, but at the same time, through this employment, accomplishing greatly needed projects to stimulate and reorganize the use of our natural resources.</p> <p>...The task can be helped...by national planning for and supervision of all forms of transportation and of communications and other utilities which have a definitely public character. There are many ways in which it can be helped, but it can never be helped merely by talking about it. We must act quickly.</p> <p>....We now realize as we have never realized before our interdependence on each other;...that if we are to go forward, we must move as a trained and loyal army willing to sacrifice for the good of a common discipline.”</p>
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Why did Hoover say that a limited government role to solve the problems of the Depression was best?

What did Roosevelt say was the primary task of government?

According to Roosevelt, he compared the Depression to

And because of those similarities (answer to #3), Americans must behave like a:

Economic Viewpoints

Adam Smith: (1723-1790) The Wealth of Nations

- A. Laissez-faire: no government interference in the economy
- B. Free competition
- C. Free Trade

Thomas Malthus: (1766-1834) Essay on the Principle of Population

- A. Population increases more rapidly than the food supply. Geometric v. Arithmetic Ratio
- B. Rapid population growth depresses living standards
- C. Past population was limited by famine, disease, natural catastrophe, and war
- D. Urged curtailment of population growth: abolish welfare (government), postpone marriage and limit family size

Karl Marx: (1818-1883)

- A. Economic conditions determine the course of history
- B. Class struggle between bourgeoisie and proletariat
- C. Capitalists exploit workers; surplus value is produced by the workers but then taken by the capitalists
- D. Eventually the proletariat will overthrow the bourgeoisie and establish a communist state
- E. Each person gives according to their ability and receives according to their needs

John Maynard Keynes: (1883-1946)

- A. Government should take an active role in regulating the economy
- B. Government can maintain a healthy economy by controlling the amount of money in circulation
- C. Government can control the amount of money in circulation by using income taxes, government spending and credit (interest) rates

If there is inflation:

↑

Taxes

↓

Spending

↓

Credit

If there is deflation:

↓

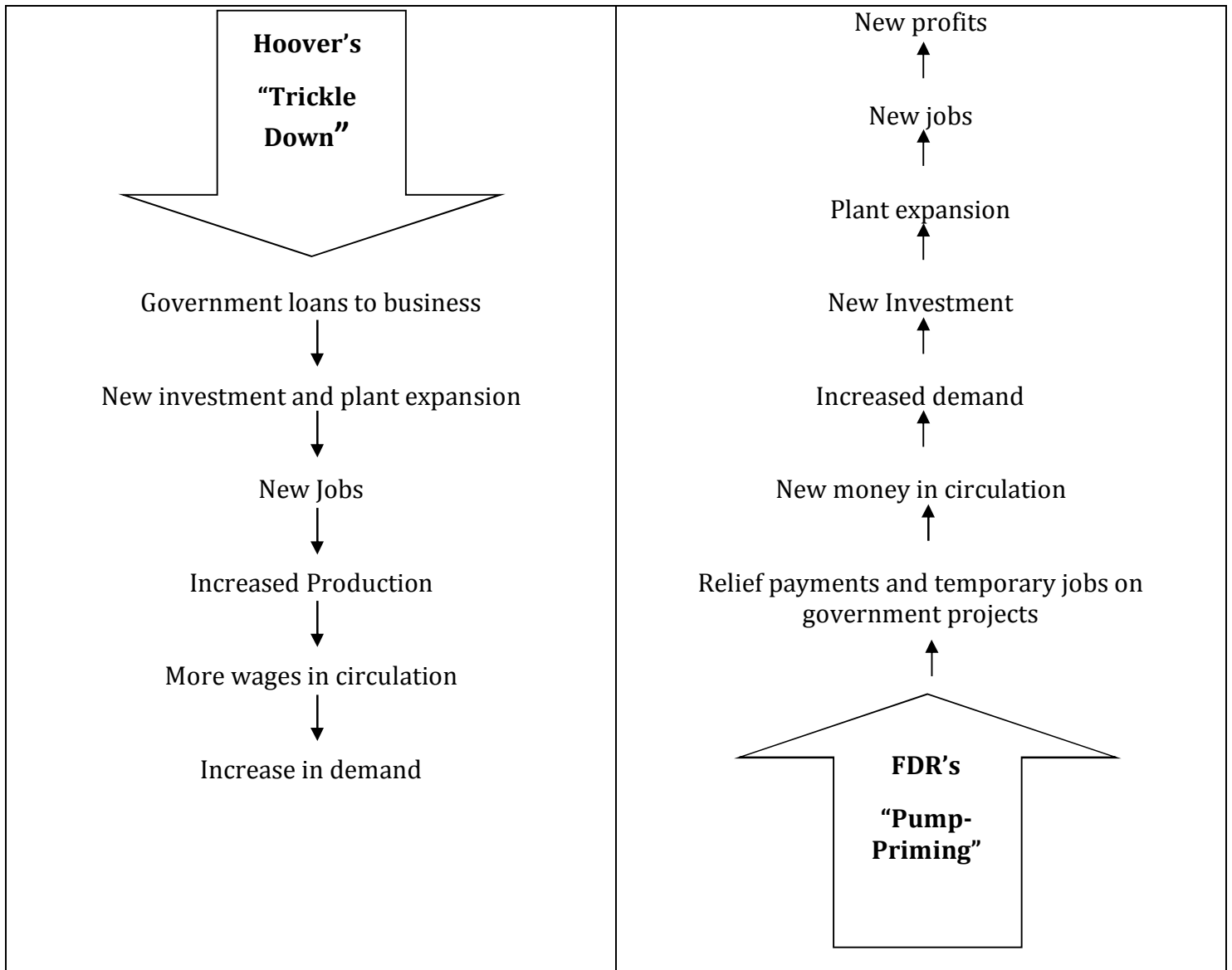
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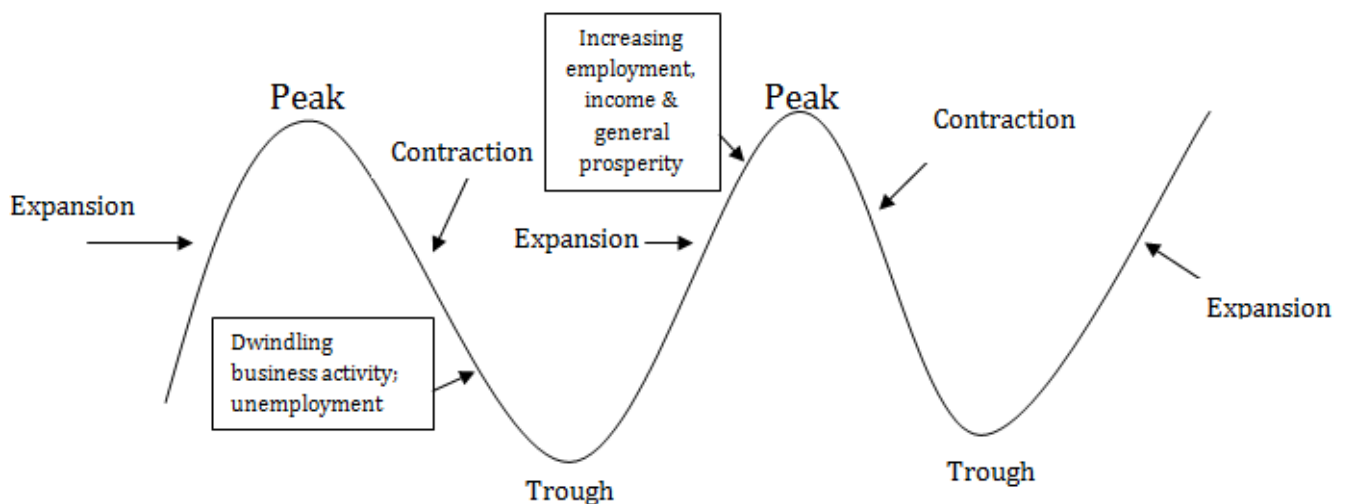
Classical Economics: a school of economics that believes that free markets can regulate themselves

Demand Side Economics (John Maynard Keynes): a school of economics that believes that government spending and tax cuts should be used to stimulate demand during times of economic downturn (Keynesian Economics)

Supply Side Economics (J.B. Say): a school of economics that believes that government spending and tax cuts should be used to stimulate supply during times of economic downturns

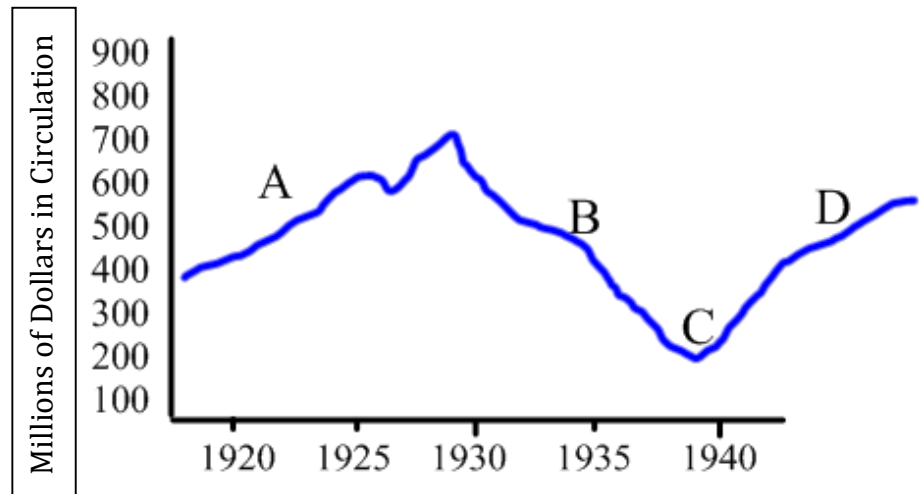


Tracking a Business Cycle



The Business Cycle:

- A. Prosperity
- B. Recession
- C. Depression
- D. Recovery



Characteristics of Inflation and Deflation:

Inflation		Deflation
	Wages	
	Prices	
	Costs of Living	
	Unemployment	
	Value of the Dollar	
	Credit Rates	
	Amount of Money in Circulation	

Causes of Recession and Depression

Overproduction:

Under-Consumption:

Imbalance between savings and investment:

F.D.R. and the Depression

1. What was the condition of America as of 1933?
2. What was Hoover's policy for dealing with the depression?
3. Why did Dust Bowl families turn their eyes toward California?
4. If so many Americans were starving, why would farmers burn their crops during the depression?
5. What was it about FDR's personal life that made him the right man to deal with America's depression?
6. How did FDR's New Deal "deal with" the depression?
 - Alphabet soup programs –
 - Pursuit of social justice –
 - Gold standard –
 - Railroads -
 - Foreclosures of homes & farms –
7. In what ways did the media assist in promoting FDR's programs?
8. Dorothea Lang photographed classic American images of the depression as a government paid photographer. Why would the government consider this to be a legitimate expense?
9. With so many Americans out of work and hungry, does it seem odd to you that the government would subsidize artists/writers/musicians? Why/why not?
10. CCC: Civilian Conservation Corps: Work camps run by the US Army. What jobs were performed by workers under this work detail?

11. One of FDR's advisors was Eleanor Roosevelt. She was hailed as a "beacon of compassion" and a Civil Rights Warrior. Since she wasn't an elected official, how did she influence US government policy?
12. The Great Depression hit Black Americans the hardest. Why was that?
13. What impact did the Great Depression have on American race relations?
14. FDR had many critics; He was labeled a "bleeding heart liberal," among others. Some even claimed he was trying to "Soviet-ize" America. What do you think this means?
15. What was significant about the Elections of 1936, 1940, & 1944?
16. What effect did the labor movement have on the economy? On Industry?
17. The Social Security Act was passed in Aug., 1935; What protections did it provide?
- How was it received by Americans?
18. **Think:** Do you think the New Deal legislation pulled America out of the depression? Be able to justify your answer.

THE NEW DEAL'S 3 R'S

President and advisors suggest legislation to Congress who legislates programs

Relief Immediate action to halt the economy's deterioration	Recovery “Pump-Priming” Temporary programs to restart the flow of consumer demand	Reform Permanent programs to avoid situations causing contractions and insurance for citizens against economic disasters

FDR's Court Packing Scheme

Instruction: Analyze the cartoons below and answer the questions for each.

Cartoon One



What are the men in the cartoon doing?

Who has been winning?

Who has been losing?

How many days did Congress give FDR the power to pass any laws he wished?

Who is FDR inviting to sit and play poker?

Why did FDR want to control the Supreme Court?

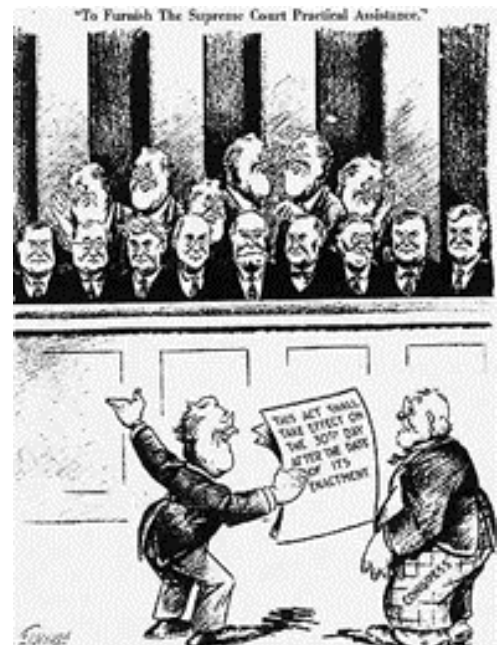
Cartoon Two

Who are the men in the black robes?

How does the Supreme Court check the other two branches of the government?

How many justices are in the front row?

Who is the man at the bottom of the cartoon holding the newspaper?



To what act is the newspaper referring?

What did that plan suggest should be done to the Supreme Court?

What is the symbolism of the second row of justices?

If the second row of Justices were to be added to the Supreme Court, what effect would this have on the system of checks and balances?

Cartoon Three



What does the cartoon symbolize?

Why is the Executive figure larger than the others?

What is the purpose of the Executive figure's message to the Judicial figure?

Cartoon Four

Who is Roosevelt being modeled after?

Why is he being portrayed in this way?

What group is being saved in each panel?

Who are they being saved from?



Cartoon Five



Who does the magician symbolize in this cartoon?

Why is he so surprised?

Why would the public be negative regarding Roosevelt's plan?

Are there any potential controversies with the plan? Explain.

Schechter Poultry Corp. v. United States

Instructions: Read the fact pattern and the evidence presented below. Discuss the issue of the case with your partners and then decide who should prevail in this case.

Concepts: Congressional Power v. Presidential Power/Commerce Clause/ "Sick Chickens"

Facts

During the Great Depression, President Franklin Delano Roosevelt established an economic recovery program known as the "New Deal." As part of the program, the President established the National Industrial Recovery Act of 1933 (NIRA), which authorized the President to set "codes of fair competition" regulating certain facets of interstate commerce such as minimum wage, sanitary conditions, and hour provisions. The Schechter Poultry Corporation slaughtered, and sold chickens only in New York State, although some of the chickens were purchased from other states. Schechter was indicted for disobeying the "live poultry code," one of the codes of fair competition. The government alleged that Schechter failed to observe minimum wage and hour provisions, permitted customers to select individual chickens from particular coops and half-coops, sold unfit and uninspected chickens, and made false reports. Schechter appealed his conviction.

Issue

Is the National Industrial Recovery Act, which gave the President the authority to regulate certain aspects of commerce during the Depression, an unconstitutional delegation of presidential power.

Evidence

Read the following clause of the Constitution: Article I, Section 8, Clause 3

Congress shall have the power to regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes.

For whom would you rule: Schechter or the US government?

Read the decision and answer the question that follows:

The Supreme Court of the United States, in a unanimous decision, held that the delegation of power made by the NIRA was unconstitutional. The Court held that Congress has the power to regulate interstate commerce, not the President, and that Congress cannot delegate legislative power to the President. Even the extraordinary conditions of the Depression were not enough for the Court to allow the President to have more power than the Constitution gave him. Schechter's conviction was reversed because his business indirectly affected interstate commerce. The NIRA was declared unconstitutional because it exceeded the commerce power that had been given to Congress by the Constitution.

Describe a situation in which you feel that the president should be given more power than is delegated by the Constitution.

The Second New Deal

In spite of the claims of critics such as Huey Long and Father Coughlin, the majority of Americans were still behind President Roosevelt. The overwhelming victory of the Democratic Party in the 1934 congressional elections was a clear sign of approval for the New Deal and FDR. With an even greater Democratic majority in Congress than before, FDR had a strong backing to extend the New Deal. He now believed that the permanent machinery of government—not just temporary legislation—should protect Americans from economic hardship. His new programs answered some of the critics' demands for a fairer distribution of wealth.

Instructions: Read the descriptions of the five programs of the Second New Deal. After reading each program you will be provided with five true accounts of people's reactions to the program. Match the true account to the program of the Second New Deal the speaker is addressing.

Programs of the Second New Deal

Federal Housing Authority (FHA): The FHA aimed to improve the housing market by encouraging banks to make housing loans and by encouraging customers to apply for them. The FHA did this by offering banks insurance on loans they made to families buying new homes. This meant if the homeowner failed to pay their mortgage and the bank foreclosed, the bank would be guaranteed repayment.

Works Progress Administration (WPA): The WPA put people to work in their hometowns, building roads, bridges, playgrounds, swimming pools, sidewalks, and sewers. It also gave jobs to artists. Under the sponsorship of the WPA, writers researched local histories, artists painted murals in post offices, and photographers tried to capture the human face of the Depression.

Social Security: One of the most important laws of the Second New Deal was the Social Security Act. This act was an attempt to protect Americans who were unable to support themselves. It used a tax levied on employers to provide unemployment compensation to workers who were laid off from their jobs. It also gave assistance to the disabled and provided a pension for those who were retired.

Rural Electrification Administration: At the time of the Second New Deal, nine out of ten American farms did not have electricity. Private utilities always argued that running power lines to farms was too expensive to be worthwhile. The REA made loans to farm communities that wanted to build public utilities. Worried that public utilities would take over the market, private electrical companies also began to provide more power to rural America.

National Labor Relations Act (Wagner Act): This act reaffirmed the right of labor to organize. It gave more power to unions and forced management to improve the working conditions of their industries.

Speaker # 1: Joe Hayseed

"There was a time when the only light provided on the farm came from an oil lamp. Dangerous thing, 'dem mere, know them over and the whole farm would go up in flames. That man in the White House is OK by me, 'cause he brought electricity out to my farm."

Speaker #2: Mr. Bad Credit

"I don't know what I would have done without this loan. My wife and I want to start a family, but we didn't have enough credit to get a loan from a bank. Who could blame the bank for being cautious, the way things are nowadays, but after the President got this new law passed the bank now has the confidence to give me a mortgage. Now after the house is built, my family will have a place to start."

Speaker # 3: Joe Teamster

"At last the working man will get recognized. The creation of the NLRB insures unions of the right to organize and negotiate with labor. And if management doesn't clean up their unfair working conditions, than the government can step in and order them to 'cease and desist', which will make them change their practices or be shut down. God bless FDR for finally recognizing the working man!"

Speaker # 4: Mr. Oldan Crusty

"There was a time when you could depend on your family to take care of you when you grew old. Not anymore with the bad times that are upon us. I thought I would be a goner for sure, as my family can't afford to support me anymore. Bless that Mr. Roosevelt and his new plan to give the old, and unemployed a pension to survive. He sure is trying to permanently change our nation."

Speaker # 5: Mr. Art Maker

"The Depression sure has hit the artistic community hard. Who wants to buy a painting when they can't make the rent? I thought I would never get another job for years. But, just the other day I was offered a job at the post office. Not sorting mail, but painting a patriotic mural in its hallway. This job will keep me employed for at least a month. What a great idea, there ain't no other nation in the world that would have the sense enough to think of a plan like that.

The Legacy of the New Deal

Positive	Negative
<ul style="list-style-type: none">• Several works of literature during this period became classics (<i>Grapes of Wrath</i> John Steinbeck)• Movies and radio became a major source of entertainment• Arts were supported• Public works like bridges, dams, tunnels, hospitals remain to this day• TVA, SEC and FDIC have enduring legacy• Social Security System a major success• New government role in economy• New Deal restored hope to nation	<ul style="list-style-type: none">• New Deal had limited success in ending the Depression• Unemployment remained high and economy didn't fully recover until after World War II

Did FDR save democracy and the free enterprise system or was the New Deal only the beginning of Creeping Socialism?